

7/7/2010

CSHCN and Substitute Care
Proposed 9/1/2010 - 6/30/2011 Capitation Rates
WITH ARTICLE 20
As Enacted

**CSHCN and Substitute Care
9/1/2010 - 6/30/2011**

Average Eligible Members

Population Cohorts	SFY 2007	SFY 2008	SFY 2009
Adoption Subsidy	1,526	1,606	1,613
Katie Beckett	245	214	159
SSI < 15	3,237	3,191	3,092
SSI >= 15	1,921	1,928	1,896
Substitute Care	2,356	2,258	2,304

Eligible members represent "Target" population and include both currently enrolled (managed care) and not enrolled (fee-for-service), except Substitute Care where it is the managed care population only

**CSHCN and Substitute Care
In-Plan Services**

Claims Paid PMPM & Trends

Incurred SFY, PT 9/09, est. 100% complete

PMPM with Offline Adjustments¹

	SFY 2007	SFY 2008	Adjusted SFY 2009
<u>Population Cohorts</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Adoption Subsidy	\$ 432.47	\$ 260.27	\$ 289.16
Katie Beckett	\$ 903.72	\$ 777.27	\$ 1,226.44
SSI < 15	\$ 865.39	\$ 761.13	\$ 770.44
SSI >= 15	\$ 566.60	\$ 634.00	\$ 681.19
<u>Substitute Care</u> ²	<u>\$ 482.96</u>	<u>\$ 528.94</u>	<u>\$ 526.94</u>
Grand Total	\$ 614.06	\$ 573.12	\$ 609.33

	SFY 2008 over SFY 2007	SFY 2009 over SFY 2008	SFY 2009 over SFY 2007
<u>Population Cohorts</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Adoption Subsidy	-39.8%	11.1%	-18.2%
Katie Beckett	-14.0%	57.8%	16.5%
SSI < 15	-12.0%	1.2%	-5.6%
SSI >= 15	11.9%	7.4%	9.6%
<u>Substitute Care</u> ²	<u>9.5%</u>	<u>-0.4%</u>	<u>4.5%</u>
Grand Total	-6.7%	6.3%	-0.4%

¹ PMPMs include offline adjustments, which are identified through the reconciliation efforts between DHS and the health plans for claims-related expenses not reflected in the encounter data. EPSDT expenses were excluded from SFY 2009 claims to state the experience on the same basis as SFYs 2007 and 2008 (which did not have the EPSDT adjustment) for trending purposes

² Substitute Care represents the managed care population only while the other populations are for the managed care and fee-for-service, representing the "Target" populations

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Trend Selection

	Enrolled & Not-Enrolled All Cohort PMPM				
	SFY 2005	SFY 2006	SFY 2007	SFY 2008	SFY 2009
<u>Total CSHCN</u>	<u>\$ 598.77</u>	<u>\$ 668.99</u>	<u>\$ 688.53</u>	<u>\$ 594.94</u>	<u>\$ 621.37</u>
Behavioral	\$ 219.77	\$ 274.30	\$ 269.33	\$ 179.35	\$ 175.52
Non-Behavioral & Rx	\$ 379.00	\$ 394.68	\$ 419.20	\$ 415.59	\$ 445.86

	Total CSHCN Trends				
	SFY 2005	SFY 2006	SFY 2007	SFY 2008	SFY 2009
Year-Over-Year	11.7%		2.9%	-13.6%	4.4%
Two-Year Average			7.2%	-5.7%	-5.0%
Three-Year Average				-0.2%	-2.4%
	0.9%				

	Behavioral Trends				
	SFY 2005	SFY 2006	SFY 2007	SFY 2008	SFY 2009
Year-Over-Year	24.8%		-1.8%	-33.4%	-2.1%
Two-Year Average			10.7%	-19.1%	-19.3%
Three-Year Average				-6.6%	-13.8%
	-5.5%				

	Non-Behavioral Trends				
	SFY 2005	SFY 2006	SFY 2007	SFY 2008	SFY 2009
Year-Over-Year	4.1%		6.2%	-0.9%	7.3%
Two-Year Average			5.2%	2.6%	3.1%
Three-Year Average				3.1%	4.1%
Four-Year Average					4.1%

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Base Period Selection

Population Cohorts	SFY '08 Proj to SFY '09		SFY 2009		SFY 2009 Average Members			Base Period ¹		
	Managed Care	FFS	Managed Care	FFS	Managed Care	FFS	Total	Managed Care	FFS	Total
Adoption Subsidy	\$ 254.31	\$ 325.78	\$ 298.20	\$ 237.52	1,392	220	1,613	\$ 285.03	\$ 264.00	\$ 282.16
Katie Beckett	\$ 768.46	\$ 841.96	\$ 1,135.60	\$ 1,406.65	105	54	159	\$ 1,025.46	\$ 1,237.24	\$ 1,096.90
SSI < 15	\$ 806.04	\$ 762.21	\$ 804.86	\$ 566.71	2,654	438	3,092	\$ 805.21	\$ 625.36	\$ 779.72
SSI >= 15	\$ 636.82	\$ 693.26	\$ 644.36	\$ 810.89	1,475	421	1,896	\$ 642.10	\$ 775.60	\$ 671.73
Substitute Care	\$ 550.86		\$ 527.78		2,304	225	2,529	\$ 534.71		\$ 534.71

¹ Base Period PMPMs are a credibility-weighted average of SFY 2008 PMPMs projected to SFY 2009 and SFY 2009, at 30% and 70% respectively, for both the managed care and fee-for-service populations

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Managed Care Savings

Mgd. Care and FFS combined

	With Article 20				
	Adoption Subsidy	Katie Beckett	SSI < 15	SSI >= 15	Substitute Care
<u>Fee-For-Service Population</u> ¹					
Estimated Rx Managed Care Savings Target	\$ (3.80)	\$ (8.29)	\$ (6.36)	\$ (8.75)	
<u>Estimated Generic Drugs First Savings</u>	\$ (3.74)	\$ (5.40)	\$ (4.23)	\$ (5.82)	
Rx Managed Care Savings Net of Generic Drugs First Savings	\$ (0.06)	\$ (2.89)	\$ (2.13)	\$ (2.93)	
<u>Estimated Medical Managed Care Savings</u>	\$ (18.86)	\$ (96.24)	\$ (46.67)	\$ (56.33)	
Estimated Total Managed Care Savings	\$ (18.92)	\$ (99.14)	\$ (48.80)	\$ (59.27)	
Percent Fee-For-Service Enrollment to Total Enrollment	13.7%	33.7%	14.2%	22.2%	0.0%
Estimated Managed Care Savings applied to Blended Rates	\$ (2.59)	\$ (33.44)	\$ (6.92)	\$ (13.15)	\$ -

¹ Managed care savings, at 8% overall, is applicable only to Fee-For-Service population

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Impact of Article 20

Mgd. Care and FFS combined

	Adoption Subsidy	Katie Beckett	SSI < 15	SSI >= 15	Substitute Care
<u>Inpatient - Mgd. Care & FFS Combined</u>					
Percent Savings to Total CSHCN & Substitute Care	-2.5%	-2.5%	-2.3%	-3.0%	-2.8%
Forecasted PMPM for Rate Period	\$ 307.07	\$ 1,193.75	\$ 848.57	\$ 731.04	\$ 581.92
Estimated Inpatient Savings PMPM on Forecasted PMPM	\$ (7.62)	\$ (29.50)	\$ (19.58)	\$ (22.23)	\$ (16.10)

Outpatient - Mgd. Care Only¹

Percent Savings to Total CSHCN & Substitute Care	-0.3%	-0.5%	-0.4%	-0.4%	-0.3%
Forecasted PMPM for Rate Period	\$ 307.07	\$ 1,193.75	\$ 848.57	\$ 731.04	\$ 581.92
Estimated Inpatient Savings PMPM on Forecasted PMPM	\$ (0.84)	\$ (5.47)	\$ (3.63)	\$ (2.93)	\$ (1.66)

¹ Outpatient savings analysis is limited to the impact to the managed care ("enrolled") only population since FFS was used as a proxy for Article 20

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Communities of Care

Mgd. Care and FFS combined

	With Article 20				
	Adoption Subsidy	Katie Beckett	SSI < 15	SSI >= 15	Substitute Care
Forecasted PMPM for Rate Period ¹	\$ 298.61	\$ 1,158.79	\$ 825.35	\$ 705.89	\$ 564.17
Percent Communities of Care Savings to Total CSHCN & Substitute Care	-0.48%	-0.47%	-0.30%	-0.61%	-0.44%
Estimated Communities of Care Savings PMPM on Forecasted PMPM	\$ (1.42)	\$ (5.48)	\$ (2.46)	\$ (4.28)	\$ (2.50)
Percent Communities of Care Related Admin to Total CSHCN & Substitute Care	0.29%	0.29%	0.18%	0.37%	0.27%
Estimated Communities of Care Admin PMPM on Forecasted PMPM	\$ 0.88	\$ 3.38	\$ 1.51	\$ 2.64	\$ 1.54

¹ Forecasted PMPM used for estimating the impact of Communities of Care includes all program changes and initiatives except Selective Contracting and Fraud & Abuse

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Selective Contracting

Mgd. Care and FFS combined

Percent Savings to Total CSHCN & Sub. Care

Forecasted Medical PMPM CSHCN & Sub. Care for Rate Period (incl. Article 20)
 Estimated Selective Contracting Savings PMPM on Forecasted PMPM

With Article 20				
Adoption Subsidy	Katie Beckett	SSI < 15	SSI >= 15	Substitute Care
-0.06%	-0.06%	-0.06%	-0.17%	-0.07%
\$ 298.61	\$ 1,158.79	\$ 825.35	\$ 705.89	\$ 564.17
\$ (0.18)	\$ (0.70)	\$ (0.51)	\$ (1.19)	\$ (0.42)

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
CAITS PMPM Projections as In-Plan Services

Mgd. Care and FFS combined

	9/08 - 6/09	
	SFY '09	CAITS
Population Cohort	Enrollment	PMPM
Adoption Subsidy	1,613	\$ 9.18
Katie Beckett	159	\$ 29.27
SSI <15	3,092	\$ 22.92
SSI >=15	1,896	\$ 12.28
Substitute Care	2,304	\$ 12.23

Projected to the Rate Period, at Selected Trends

Periods

Base period midpoint (2/1/09) to 9/1/10-6/30/11

**Annual
Trend ¹**
 3.6%

**Trend
Period**
 2.000

**Trend
Factor**
 1.073

	SFY '09	CAITS
Population Cohort	Enrollment	PMPM
Adoption Subsidy	1,613	\$ 9.85
Katie Beckett	159	\$ 31.40
SSI <15	3,092	\$ 24.59
SSI >=15	1,896	\$ 13.18
Substitute Care	2,304	\$ 13.12

¹ The selected trend is the credibility weighted average of an estimated 3% CIS/CAITS (as indicated by the 2-year weighted average for all population cohorts from SFY '06 to SFY '08), and the selected trend for CSHCN & Sub. Care, at 50% and 50% credibility weights respectively.

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Generic Drugs First

Mgd. Care and FFS combined

	Adoption Subsidy	Katie Beckett	SSI < 15	SSI >= 15	Substitute Care
<u>CSHCN & Sub. Care Rx Experience for SFY 2009</u>					
Percent Savings to Total CSHCN & Sub. Care	-1.6%	-0.6%	-0.8%	-1.0%	-0.7%
Forecasted CSHCN & Sub. Care Rx PMPM for Rate Period	\$ 307.07	\$ 1,193.75	\$ 848.57	\$ 731.04	\$ 581.92
Estimated Generic Drugs First Savings PMPM on Forecasted PMPM	\$ (4.98)	\$ (7.55)	\$ (7.14)	\$ (7.16)	\$ (4.21)

CSHCN and Substitute Care
9/1/2010 - 6/30/2011
Capitation Rates

Population Cohort	Base Period Average Members	Medical Component of Capitation Rates	Admin Component of Capitation Rates	2% Premium Tax	PMPM Capitation Rates With Article 20
Adoption Subsidy	1,613	\$ 299.31	\$ 29.31	\$ 6.71	\$ 335.33
Katie Beckett	159	\$ 1,143.17	\$ 113.96	\$ 25.66	\$ 1,282.79
SSI < 15	3,092	\$ 832.04	\$ 81.34	\$ 18.64	\$ 932.02
SSI >= 15	1,896	\$ 693.96	\$ 68.59	\$ 15.56	\$ 778.12
Substitute Care	2,304	\$ 570.07	\$ 52.94	\$ 12.71	\$ 635.72